



# House of Representatives

General Assembly

**File No. 360**

February Session, 2012

Substitute House Bill No. 5538

*House of Representatives, April 11, 2012*

The Committee on Planning and Development reported through REP. GENTILE of the 104th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR SOLAR AND OTHER RENEWABLE ENERGY SOURCE INSTALLATIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (57) of section 12-81 of the 2012 supplement  
2 to the general statutes is repealed and the following is substituted in  
3 lieu thereof (*Effective October 1, 2012, and applicable to assessment years*  
4 *commencing on or after said date*):

5 (57) (a) Any Class I renewable energy source, as defined in section  
6 16-1, or any hydropower facility described in subdivision (27) of  
7 section 16-1, installed for the generation of electricity for private  
8 residential, business or industrial use or on a farm, as defined in  
9 subsection (q) of section 1-1, provided such installation occurs on or  
10 after October 1, 2007, for a private residence or a farm, or on or after  
11 October 1, 2012, for a business or industrial property, and further  
12 provided such installation is for a single family dwelling, a  
13 multifamily dwelling consisting of two to four units or a farm or for

14 business or industrial purposes, or any passive or active solar water or  
15 space heating system or geothermal energy resource;

16 (b) Any person claiming the exemption provided in this subdivision  
17 for any assessment year shall, on or before the first day of November  
18 in such assessment year, file with the assessor or board of assessors in  
19 the town in which such hydropower facility, Class I renewable energy  
20 source, or passive or active solar water or space heating system or  
21 geothermal energy resource is located, written application claiming  
22 such exemption. Failure to file such application in the manner and  
23 form as provided by such assessor or board within the time limit  
24 prescribed shall constitute a waiver of the right to such exemption for  
25 such assessment year. Such application shall not be required for any  
26 assessment year following that for which the initial application is filed,  
27 provided if such hydropower facility, Class I renewable energy source,  
28 or passive or active solar water or space heating system or geothermal  
29 energy resource is altered in a manner which would require a building  
30 permit, such alteration shall be deemed a waiver of the right to such  
31 exemption until a new application, applicable with respect to such  
32 altered source, is filed and the right to such exemption is established as  
33 required initially;

|   |   |           |
|---|---|-----------|
| This act shall take effect as follows and shall amend the following sections: |   |           |
| Section 1   | <i>October 1, 2012, and<br/>applicable to assessment<br/>years commencing on or<br/>after said date</i> | 12-81(57) |

**Statement of Legislative Commissioners:**

The title was revised to more accurately reflect the substance of the bill.

**PD** Joint Favorable Subst.-LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

| <b>Municipalities</b>  | <b>Effect</b>           | <b>FY 13 \$</b> | <b>FY 14 \$</b> |
|------------------------|-------------------------|-----------------|-----------------|
| Various Municipalities | Reduction to Grand List | See Below       | See Below       |

**Explanation**

The bill requires municipalities to exempt from property tax certain energy sources facilities. Various municipalities will experience a grand list reduction. This would result in an increased mill rate, given a constant tax levy.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 5538****AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR SOLAR AND OTHER RENEWABLE ENERGY SOURCE INSTALLATIONS.****SUMMARY:**

The bill exempts from the property tax class I renewable energy sources (e.g., wind machines) or hydropower facilities installed on or after October 1, 2012 to generate electricity for business or industrial use on business or industrial property. Current law exempts these energy sources from the property tax when installed on or after October 1, 2007 to generate electricity for farm and residential use on farms and private residences. It also exempts passive or active solar water or space heating systems and geothermal energy sources on property used for any purpose.

EFFECTIVE DATE: October 1, 2012, and applicable to assessment years beginning on or after this date.

**BACKGROUND*****Class I Renewable Energy Source***

By law, "class I renewable energy source" means:

1. energy derived from solar power; wind power; a fuel cell; methane gas from landfills; ocean thermal power; wave or tidal power; low emission advanced renewable energy conversion technologies; a run-of-the-river hydropower facility, provided such facility has a generating capacity of not more than five megawatts, does not cause an appreciable change in the river flow, and began operation after July 1, 2003; or a sustainable biomass facility with an average emission rate of, or less than, .075 pounds of nitrogen oxides per million BTU of heat input for

the previous calendar quarter, except that energy derived from a sustainable biomass facility with a capacity of less than 500 kilowatts that began construction before July 1, 2003, may be considered a class I renewable energy source, or

2. any electrical generation, including distributed generation, generated from a Class I renewable energy source (CGS § 16-19(a)(26)).

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea    20    Nay   0    (03/23/2012)